

PUBLIC ASSOCIATION

“PARTNERSHIPS FOR EVERY CHILD”

**FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2014**

MOLDAUDITING

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**AUDITOR’S OPINION
ON FINANCIAL STATEMENTS
OF THE PUBLIC ASSOCIATION „PARTNERSHIPS FOR EVERY CHILD”
FOR THE YEAR 2014**

TO THE MANAGEMENT OF PUBLIC ASSOCIATION “PARTNERSHIPS OR EVERY CHILD”

July 6, 2015

We have audited the statement of financial position of the Public Association “Partnerships for every child” (the “Association”) as of December 31, 2014 and the related profit or loss statement, cash flow statement for the year then ended as well as the accounting policies and notes to the financial statements drawn up pursuant to International Financial Reporting Standards.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Liability for the preparation of these financial statements is borne by the management of the Association.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

PURPOSE OF AUDIT

We have carried out the audit in compliance with the International Audit Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

INDEPENDENT AUDITOR’S OPINION

In our opinion, the financial statements of the Association present fairly, in all material respects, the financial position the Association as of December 31, 2014, its financial results, cash flow for the year then ended, in conformity with the International Financial Reporting Standards.

General Director „Moldaudenting” S.R.L.

Auditor



P. Bodarev

Auditor



D. Plugaru

GENERAL INFORMATION

Public Association „Partnerships for every child” was registered as noncommercial , non-profit organization within Ministry of Justice under registration number 1010620002091 on March 26, 2010(Certificate of registration No. MD 002286).

Headquarters of the Association: Republic of Moldova, Chisinau, 75 Kogălniceanu Street, office no. 3

The Association is a legal person. The organizational structure of the Association includes the following bodies:

- a) General Assembly
- b) Board of Directors;
- c) President;
- d) Censor.

Public Association "Partnerships for Every Child" - is constituted by the free will of associated persons in order to achieve the following common goals:

1. Promoting and protecting the rights and interests of children in need of any kind;
2. Society awareness on the problems of children and families in need;
3. Reduction of poverty, vulnerability to physical and mental diseases among children and parents;
4. Promoting training for different groups of beneficiaries: children, families, practitioners, service providers, decision factors, NGOs, etc .;
5. Maintaining and protecting health of children and their families;
6. Performing charity activities;
2. Strengthening the abilities of various constituents in the development, implementation, monitoring and evaluation of social policies designed for children and families in need and the development of social services for

children and families;

3. Developing and rendering social services for different groups of children and families in need;

4. Strengthening civil society for rendering social services and carrying out advocacy activities;

5. Developing social services designed for children and families in risk situations by promoting childcare in the family environment.

Number of employees

As of December 31.2014 the Association had 28 employees.

STATEMENT OF FINANCIAL POSITION

Indices	Note	31.12.2014	31.12.2013
		Euro	Euro
Assets			
Short-term assets			
Cash and cash equivalents	5	477 069	112 551
Receivables and prepayments made	4	27 549	19 936
Inventories	3	1 287	2 405
Other current assets	6	19 480	5 920
Total short-term assets		525 385	140 812
Long-term assets			
Intangible assets	1	2 912	3 637
Property, plant and equipment	2	285 492	279 992
Depreciation of fixed assets	2	-116 453	-114 276
Total long-term assets		171 951	169 353
Total assets		697 336	310 165
Liabilities			
Short-term liabilities	7	8 165	7 596
Special-purpose funds	8	477 069	103 077
Deferred income	9	40 151	28 261
Funds	8	171 951	171 231
Total liabilities		697 336	310 165

The financial statements, accounting policies applied and explanatory notes presented on pages 7-28, which are an integral part of these financial statements, have been approved by the management of the Public Association “Partnerships for every child” and signed on behalf of the Association by:

President

Stela Grigoras



Chief-accountant

Angela Caretnicova



Profit or loss statement

Indices	Note	31.12.2014	31.12.2013
		Euro	Euro
Other operating income		1 066 818	715 749
Administrative expenses	10	1 064 215	713 732
Other operating expenses			
Profit (loss) of operating activity		2 603	2 017
Result of investing activity: profit (loss)			0
Result of financing activity: profit (loss)			0
Exceptional result			0
Net result before tax		2 603	2 017
Profit net (net loss)		2 603	2 017

CASH FLOW STATEMENT

Cash flow by types of activity	Note	31.12.2014
		(Euro)
Operating activity		
Cash receipts from sales		
Cash payments to suppliers and contractors		535 734
Cash payments to employees and deductions to social insurance		537 121
Interest payment		0
Tax payment		64 743
Other cash receipts		31 253
Other cash payments		25 204
Net cash flow from operating activity		-1 131 548
Investing activity		
Cash receipts from long-term assets disposal		
Cash payment for long-term assets procurement		
Interest received		
Dividends received		
Other cash receipts (payments)		
Cash flow from investing activity		
Financial activity		
Cash receipts as loans and borrowings		
Cash payments on loans and borrowings		
Dividend payments		
Cash receipts from shares issue		
Cash payments on own shares redemption		
Other receipts (payments) of cash		1 509 401
Net cash flow from financial activity		1 509 401
Net cash flow from economic and financial activity before exceptional items		377 853
Exceptional cash receipts (payments)		
Total cash flow		377 853
Negative (positive) currency differences		-13 335
Balance of cash at the beginning of year	5	112 551
Balance of cash at the end of reporting year		477 069

Public Association „Partnerships for every child”**APPLIED ACCOUNTING POLICIES****Basis for drawing up financial statements and accounting entries**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IAS / IFRS").

The Association keeps book-keeping in Moldovan lei ("MDL") under Moldovan law and its statutory accounting records prepared under the accounting requirements of Moldovan legislation and accounting regulations issued by the Ministry of Finance of the Republic of Moldova. The accompanying financial statements are based on statutory accounting records of the Organization, with the necessary adjustments under IFRS. Financial statements of the Organization are prepared in accordance with the principles of continuity, consistency, specialization exercises, prudence, priority of substance over form, essentiality.

Presentation and functional currency

Information presented in the annexed financial statements is denominated in the currency of the economic environment in which Association operates (functional currency). The functional currency for the Association is the Moldovan leu (MDL). Moldovan Leu is not a convertible currency outside the country.

The attached financial statements are presented in Euro -the presentation currency of the Association. The use of presentation currency differs from functional currency due to the need of presenting the financial statements in an understandable way to the Association's creditors and donors.

The financial statements of the Association were converted from MDL to Euro according to the requirements of IAS 21 “Effects of Changes in Foreign Exchange Rates” and namely:

Assets and liabilities (including comparative data) were transferred at the rate of closing date of given balance-sheet:

Income and expenses (including comparative data) were transferred at the average rate for the financial year.

For the analyzed period the exchange rates from the functional currency MDL into presentation currency Euro are as follows :

	2014	2013
Official exchange rate as of December 31	18,9966	17,9697
Average exchange rate	18,6321	16,7241

1. Accounting policy

The accounting principles used for drawing up the financial information of the Association are presented below.

a) Intangible assets

Intangible assets acquired by the Association are recognized at cost less accrued amortization related and any cumulative losses derived from impairment.

Subsequent expenses

Subsequent expenses are capitalized as intangible assets only when they estimate that additional economic benefits shall flow and their cost can be reliably measured. All the other expenses shall be recognized as expenses in the period in which they were incurred.

Amortization

Amortization shall be calculated by straight line method based on their useful life:

- Software – 3 years;
- Other intangible assets – 1-2 years.

b) Fixed assets

Items of fixed assets are recognized at their cost less accumulated depreciation related and any losses accumulated from impairment. If case of entry of fixed assets they are reflected in accounting at cost which consists of purchase price, customs duties, irrecoverable taxes and all costs directly attributable to bring the asset into the condition for intended use. The purchase price is reduced by discounts.

The cost of self-constructed assets includes cost of materials; workmanship is valued at their actual value.

Subsequent expenses

Subsequent expenses are capitalized as intangible assets only when they estimate that additional economic benefits shall flow and their cost can be reliably measured. All the other expenses shall be recognized as expenses in the period in which they were incurred.

Amortization

Amortization is calculated through straight line method based on useful life:

- Buildings – 50 years;
- Transportation means– 7 years;
- Computers and other assets – 3-5 years.

c) Leased assets

Lease according to which the entity assumes substantially all risks and benefits deriving from ownership of the asset is classified as financial lease.

Property acquired through financial lease is expressed at the lowest between the market value and present value of minimum lease payments at the beginning of the lease less accumulated depreciation and obsolescence costs. Property owned by financial and operational lease is classified as investment property and expressed using the market value model. Property owned by operational lease, which otherwise would be defined as investment property may be classified as investment property based on ownership principle.

d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is calculated by the weighted average cost method.

e) Receivables

Short and long-term receivables are reflected in the accounting at nominal value.

f) Cash and cash equivalents

Cash and cash equivalents included in Cash Flow Statement comprise cash and bank deposits at sight.

g) Currency transactions

Currency transactions are recorded at the exchange rate effective at the date of operations carrying out.

Monetary assets and liabilities denominated in foreign currency are converted to MDL using the exchange rate at the balance sheet date.

All differences resulted from foreign currency exchange and settlements are recorded on account of special receipts and funds excepting for the differences resulted from settlements and foreign currency exchange of own cash of Association which are charged to income or expenses from financial activity of the year in which were incurred.

These differences refer to balances of currency cash on hand and bank accounts, including deposits, to foreign currency receivables and payables related to special purpose funds and are accounted for at date of transaction and drawing up of the financial statements.

h) Impairment of assets

Assets held by the Company, other than investment property, inventories; deferred tax receivables are assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the entity is to assess the asset recoverable amount. For goodwill and intangible assets with indefinite period of time or which are not likely to be used the recoverable amount is being estimated at each reporting date.

Recognition of losses from impairment

An impairment loss is recognized for individual assets or for cash-generating units in case the recoverable amount is less than their carrying amount.

Recovery of losses from impairment

Impairment losses recognized for the asset in previous years shall be reversed, if and only if, there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. The value of the asset shall be recognized at its recoverable amount. This increase represents a reversal of an impairment loss.

i) Current anticipated revenues

To category of current anticipated revenues are recorded special purpose finds and proceeds used to purchase stocks of goods and materials, prepayments made, current anticipated expenses. To the extent these stocks, advances, current prepaid

expenses, anticipated revenues are used, there takes place the recording of these current anticipated revenues to income of the reporting period.

j) Provisions

A provision shall be recognized if and only if, the entity which has a current obligation generated by a past event, it is most probably that an outflow of resources will be necessary to honor this obligations and a value of obligation can be reliably measured.

If the effect of the time value of money is significant, the amount of the provision represents the present value of the expenditures expected to be required to settle the obligation.

i) Special purpose financing

Special purpose funds, subsidies are not recognized until there is sufficient certainty that:

- a) the enterprise will comply with the conditions attaching to them; and that
- b) funding, grants will be received.

Special purpose funds are recognized as income for the periods corresponding to related costs which these funds are to compensate.

According to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" subsidies as current assets are accounted for by income method and subsidies in the form of long-term assets - by the equity method.

Income method assumes accounting for subsidies initially as special purpose funds and after fulfillment of conditions related to their collection - as income of the financial periods in which the expenditure was incurred.

Equity method provides accounting of subsidies in the form of long-term assets, or assets that will be used as long-term assets, initially as a special purpose financing and after fulfillment of conditions attaching to them - as grants within secondary capital. As the exploitation of those assets, subsidies will be recognized in income of period in which the expenses were incurred related to these assets (depreciation, amortization).

j) Recognition of income and expenses

Income represents the value of goods delivered and services rendered. Revenues from services are recognized when rendered.

Revenues and expenses are presented in the financial statements at their gross value. Income and expenses resulting from special purpose funds and receipts revenues are recognized and recorded in the same reporting period and same size.

j) Employee Rights

The Company pays contributions to state funds for health and pension calculated on the basis of a percentage set by law for the current year, applied to gross wages. The cost of these contributions is charged to expenses in the same period with the related staff costs.

NOTES TO THE FINANCIAL STATEMENTS

1. Intangible assets

The structure of intangible assets of the Association is presented as follows in the table below:

	Intangible assets in progress	Software	Other intangible assets	Total
	Euro	Euro	Euro	Euro
Cost as of 01.01.2014	763	4 519	0	5 282
Plus/acquisitions	0	1 485	0	1 485
Disposals/sales	722	242	0	963
Currency fluctuations	-41	-244	0	-285
Cost as of 31.12. 2014	0	5 519	0	5 519
Amortization				
As of 01.01.2014	0	1 645	0	1 645
Accrued for reporting year	0	1 293	0	1 293
Acquisitions /sales	0	242	0	242
Currency fluctuations	0	-89	0	-89
As of 31 .12.2014	0	2 607	0	2 607
Carrying amount as of 01.01.2014	763	2 874	0	3 637
Carrying amount as of 31.12.2014	0	2 912	0	2 912

2. Property , plant and equipment

Structure of property, plant and equipment of the Association during the audited period is presented as follows:

	Buildings	Machinery and equipment	Transportation means	Other fixed asserts	Total
	Euro	Euro	Euro	Euro	Euro
Cost as of 01.01.2014	167 729	44 918	50 681	16 665	279 993
Plus/acquisitions		11 990	17 038	661	29 690
Disposals/sales		8 872	0	182	9 055
Foreign exchange fluctuations	-9 067	-2 429	-2 739	-901	-15 136
Cost as of 31.12. 2014	158 662	45 608	64 980	16 243	285 492
Amortization					
As of 01.01.2014	32 321	33 498	35 674	12 783	114 276
Accrued for reporting year	3 107	5 176	7 701	1 242	17 227
Acquisitions /sales	0	8 872	0	0	8 872
Foreign exchange fluctuations	-1 747	-1 811	-1 928	-691	-6 177
As of 31 .12.2014	33 681	27 991	41 447	13 334	116 453
Carrying amount as of 01.01.2014	135 408	11 420	15 007	3 882	165 717
Carrying amount as of 31.12.2014	124 981	17 616	23 533	2 909	169 039

3. Inventories

Inventories structure of Association depends upon the peculiarity of activity and is presented in the table below:

Indices	31.12.2014	31.12.2013
	Euro	Euro
Materials, inclusive		
Fuel	133	2 086
Other materials	1 154	318
Total inventories	1 287	2 405

4. Receivables and prepayments

Indices	31.12.2014	31.12.2013
	Euro	Euro
Prepayments made	11 583	394
Receivables on settlements with budget	3 261	3 795
Other short-term receivables	12 706	15 747
Total	27 549	19 936

Structure of other short-term receivables is as follows:

Entity	31.12.2014	31.12.2013
	Suma (Euro)	Suma (Euro)
Receivable from Social Fund and CNAM	12 699	6 454
E.H. - Service' SRL		608
Terre des Hommes Foundation		4 841
LAGUNA" Hotel		1 491
Other short-term receivables		2 352
Total	12 699	15 747

5. Cash and cash at bank

Indices	31.12.2014	31.12.2013
	Euro	Euro
Cash on hand - MDL	297	44
Cash on settlement accounts, total, inclusive:	476 772	112 506
On current accounts - MDL	163 309	112 497
On foreign currency accounts	313 463	10
Total:	477 069	112 551

There are no related cash within Association monetary assets.

6. Other current assets

Indices	31.12.2014	31.12.2013
	Euro	Euro
Other current assets , inclusive		
Insurance	1 208	1 468
Other assets	1 500	642
Assets to be written-off during the project period	16 772	3 810
Total other current assets	19 480	5 920

In the composition of current assets there are included assets in amount of EUR 16 722 which shall be write-off in the period of project implementation.

7. Short-term liabilities

Indices	31.12.2014	31.12.2013
	Euro	Euro
Short-term borrowings		
Liabilities related to settlements with suppliers	87	281
Payables to employees	0	342
Payables to budget	0	15
Other short-term liabilities	8 078	6 958
Total short-term liabilities	8 165	7 596

In the composition of other current liabilities the liability toward Patison-Lux SRL is recorded in amount of Euro **6 024,92(MDL 114 453)** for reconstruction works of foster school of Cahul city.

Debt remained outstanding due failure by Executor to ensure the quality and terms of works that were to be carried out in accordance with the agreements concluded with the contractor. In year 2013 the Public Association "Partnerships for Every Child" took a legal proceeding in court against Patison - Lux SRL in respect of termination of contracts and collection of penalties. On 20.01.2014 an enforcement order was issued for case instituted by the Association by which it was decided to collect from SRL Patison- Lux EUR the amount of **6 391.30 Euro (MDL 121 413)** as penalty and **191.72 Euro (MDL 3 642)** as state tax paid at moment of submitting the action. Until report signing date enforcement order has not been executed.

8. Special-purpose funds and receipts

	Unused means	Special funds	Total
Balance as of 1 January 2014	131 338	171 230	302 568
Received funds, inclusiv:	1 524 643	0	1 524 643
European commission, Kosovo	55 623		55 623
Childhood Foundation	55 212		55 212
OPM	10 530		10 530
Medicor	29 975		29 975
USAID	1 311 338		1 311 338
UNICEF	17 977		17 977
Every Child UK	10 959		10 959
Other sources	33 030		33 030
Use of sources	-1 064 215	-23 483	-1 087 698
Financing to Social Assistance and Family Protection Direction as well as to natural persons	-23 461		-23 461
Procurement of long-term assets	-29 239	29 239	0
Currency fluctuation	-21 846	-5 035	-26 881
Balance as of 31 December 2014	517 220	171 951	689 171

In accordance with the Grant Agreements concluded between donors indicated in the table above with the Public Association "Partnerships for Every Child", the latter being the Beneficiary of sources assumes the obligation to use them fully and exclusively in the manner and for destinations as stipulated in the grant budget.

Within the audit of the financial statements for year 2014 no deviations from conditions of the grant agreements were detected.

Application of funds resources received for period 01.01.2014-31.12.2014 is presented in Annex 1 of this report

9. Deferred income

In the composition of deferred income are included special purpose financing and proceeds used to purchase stocks of goods and materials, prepayments made, current anticipated expenses in the amount of Euro 40 151.

10. Financial result

The audited Association is a public, non-profit organization that uses financial resources received from various sources for the work specified by Articles. Given the above and the methodology of accounting, the Association reflects the amount of expenses incurred to achieve the statutory goals within general and administrative expenses. Revenues and expenses are recognized in the same size in the reporting period in which the special purpose means were used.

The financial result in the amount of 2603 Euro consists of the revenues obtained from provision of services related to organization of trainings, as well as room rent for trainings performance. Those resources were directed related to the core business of the Association.

11. General and administrative expenses

Indices	31.12.2014	31.12.2013
	Euro	Euro
Repair and maintenance of fixed assets	7 791	7 660
Wages and related contributions	174 697	185 374
Materials	20 451	14 515
Telecommunications	4 459	4 161
Expenses related to detachment	41 218	13 732
Bank charges	9 963	25 161
Communal services	4 266	5 145
Taxes	6 580	669
Charity expenses, total, inclusive:	443 336	443 336
Materials	393 160	217 063
Wages and related contributions	384 192	226 273
Other expenses	17 436	13 980
Total general and administrative expenses	1 064 215	713 732

12. Related parties

The Association has economic operations with all related parties under ordinary terms.

Appendix 1

Received sources 2014				Use of the received sources in 2014 year																					
Date	Sum			Type of the expenses (according to the budget)	Approved budget			Sum spent																	
	MDL	USD	GBP		MDL	USD	GBP	EUR	MDL	USD	GBP	EUR													
TOTAL	237 184.65			Parent & Baby Unit	228 500.00																				
2014	237 184.65			Utilities	15 000.00									12 710.56											
				Support to Centre beneficiaries	60 000.00									57 004.00											
				Equipment	1 500.00									765.16											
				Operational costs	2 000.00									1 932.28											
				Project Staff (including taxes)	150 000.00									122 893.28											
TOTAL				CHILDHOOD FUNDATION																					
26.02.2014				Project Staff (including taxes)										55 285.87										54 541.53	
05.05.2014				Consultant/support services										12 940.46										12 131.69	
08.08.2014				Capacity building										8 906.75										7 647.41	
18.11.2014				Travel costs										4 600.00										4 725.69	
				Workshops/Training										3 143.31										3 707.42	
				Sundry Office costs										20 281.80										20 915.82	
														5 413.56										5 413.50	
TOTAL				EveryChild London																					
27.01.2014				Evc Staff (including taxes)										0.00										0.00	0.00
05.02.2014				Direct project costs										4 212.32										2 254.96	
12.03.2014				Monitoring & Evaluation										6 955.75										7 251.48	
05.05.2014				Evc Global meeting										735.60										2 392.31	
				Overhead Costs										254.00										254.00	
				Research										2 499.99										2 504.69	
														741.65										741.65	

Received sources 2014				Use of the received sources in 2014 year									
Date	Sum			Type of the expenses (according to the budget)	Approved budget			Sum spent					
	MDL	USD	GBP		EUR	MDL	USD	GBP	EUR	MDL	USD	GBP	EUR
	77 193.20			EEF		85 108.21		0.00	85 108.21				0.00
29.01.2014	77 193.20			Project's Staff (including taxes)		76 705.47			76 705.47				
				Utilities		7 860.42			7 860.42				
				Bank Charges		542.32			542.32				
TOTAL				KOSOVO				0.00					55 623.00
11.06.2014			14 733.00	Consultancy fees									55 293.45
18.06.2014			14 770.00	Bank Charges									329.55
26.09.2014			26 120.00										
TOTAL		1 694 523.49		USAID		1 750 787.64		0.00					1 255 670.53
10.02.2014		179 961.11		Personnel		581 968.15							490 538.23
03.04.2014		100.00		Consultants		399 570.67							334 632.00
10.04.2014		428 792.00		Travel & Transportation		134 723.76							100 706.89
05.05.2014		12 068.24		Equipment		16 650.00							16 693.50
05.05.2014		101 505.48		Other Direct Costs		69 371.53							51 933.29
27.06.2014		237 362.00		Program Activities		521 721.39							234 384.49
22.09.2014		362 846.00		Indirect costs		26 782.14							26 782.14
02.12.2014		31 415.48											
19.12.2014		340 473.18											
TOTAL				Medicor		0.00		0.00	0.00				33 784.05
26.08.2014				Direct project costs					30 000.00				33 784.05

Received sources 2014					Use of the received sources in 2014 year									
Date	Sum				Type of the expenses (according to the budget)	Approved budget				Sum spent				
	MDL	USD	GBP	EUR		MDL	USD	GBP	EUR	MDL	USD	GBP	EUR	
TOTAL		21 318.00			UNICEF	0.00	21 318.00	0.00	0.00	0.00	21 318.00	0.00	0.00	
19.12.2014		21 318.00			Consultancy fees		21 000.00				21 278.92			
					Bank Charges		318.00				39.08			
TOTAL				10 530.00	OPM	0.00	0.00	0.00	6 100.00	0.00	0.00	0.00	5 580.18	
17.11.2014				10 530.00	Consultancy fees				6 000.00				5 548.74	
					Bank Charges				100.00				31.44	
TOTAL	0.00	39 997.79	0.00	12 018.00	Other sources					276 401.06	0.00	0.00	17 979.42	
		39 997.79		12 018.00						276 401.06			17 979.42	